FOREIGN AGRICULTURE

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India Boosts Cotton Output

Marketing Soybeans Overseas

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

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This week's cover:

Indian workers handling cotton at a gin. Cotton production went up sharply this season, which could reduce India's dependence on imports. For the complete story, see the article beginning on this page.

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INDIAN COTTON PRODUCTION NEARS SELF-SUFFICIENCY

By LARENCE E. OSBORN
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Unloading seed cotton at the gin.

India, the world's fourth largest producer and consumer of cotton, plans soon to be able to produce as much cotton as it uses domestically. India has long been an importer of cotton—much of which came from the United States—but production is expected to exceed consumption this season.

Higher yields boosted the 1971-72 crop substantially over last season's production, despite a slight drop in acreage planted. Much of the production, however, is very short staple and is unsuitable for better quality textiles.

Imports will thus continue to be necessary—at least in the near future—since domestic production of longer staple cotton is still insufficient to meet the needs of India's textile mills.

Exports of shorter staple cotton are expected to increase as a result of the record 1971-72 crop. In terms of value, however, India is expected to remain a net importer of cotton, despite production and export gains.

Falling cotton imports have raised a problem for India's raw cotton production and textile export subsidy programs, which have depended on import levies for their revenues. Since such levies may not be sufficient in the near future, a new income source—an additional tax on mill output—has been suggested as an alternative. Such a tax seems consistent with the Indian Government's increasing control over both the domestic and import/export cotton trade.

Production for **the 1971-72 season** (Aug.-July) is estimated at 5.6 million bales (480 lb. net), 200,000 bales above expected domestic consumption—and nearly 1 million bales above last season's production. Indian farmers actually harvested fewer acres this season than last, but the 1971-72 season's record yield—145 pounds per acre—pushed production 1 million bales over the 1970-71 total.

A continued shortage of medium- and long-staple cotton is expected to be met by imports of about 600,000 bales. But

this amount is 19 percent below last year's and represents another step toward India's self-sufficiency goal.

Raw cotton exports are officially restricted to the Bengal Desi variety, but even these were limited early in the season when stocks were low. The export limit was raised—to about 225,000 bales—when a large 1971-72 crop was reported. Indian aid to Bangladesh is also influencing the increase in exports.

This season's sharp upturn in production has substantially improved the availability of cotton for India's textile mills. Mills are so busy, in fact, that India's agreement to process Russian cotton for reshipment to the USSR may be postponed. The agreement called for processing of 90,000 bales, beginning in April.

During **the 1970-71 season,** unfavorable weather and insect damage reduced yields to a low level of 117 pounds per acre. Many farmers were so discouraged that they cut cotton acreage this season, despite Government promotion and assistance programs.

Textile mills also had problems last season. Production was hampered by stringent credit restrictions, inadequate cotton supplies, and disorganization of trade following establishment of the nationalized trading system. Although production did pick up in the latter part of the season, many of the same problems remained to hinder this season's output.

Textile exports were off in 1970-71. Shipments to Burma, Egypt, and the USSR were down sharply—prompted by a sharp rise in textile prices and the unsettled international money market.

Government programs have long aimed at the goal of producing enough cotton to meet the needs of India's textile mills. During the 1971-72 season, the Government spent nearly US$20 million to develop cotton production in selected areas of the cotton-producing regions.

Efforts to upgrade production have included extensive planting of a better variety, known as Hybrid 4, in the western and central States of Gujarat, Mysore, Maharashtra, and Madhya Pradesh.

A second variety, known locally as PRS-72, has had marked success in the Thanjavar area of Tamil Nadu, a State in the southeast. This fast-maturing variety is planted in late February and harvested in late May and early June.

INDIAN COTTON ACREAGE, YIELD, SUPPLY, AND DISTRIBUTION, 1961-62 TO 1971-72

Year [1]	Acreage	Yield	Beginning stocks	Production	Imports	Consumption [2]	Exports
	1,000 acres	*Pounds per acre*	*1,000 bales* [3]	*1,000 bales* [3]	*1,000 bales* [3]	*1,000 bales* [3]	*1,000 bales* [3]
1961	19,074	103	2,040	4,075	669	4,931	253
1962	19,700	119	1,600	4,900	746	4,909	287
1963	20,200	124	2,050	5,200	556	5,225	231
1964	20,430	115	2,350	4,900	668	5,500	202
1965	19,600	113	2,216	4,600	454	5,000	140
1966	19,400	114	2,130	4,600	621	5,200	189
1967	19,900	128	1,962	5,300	644	5,430	171
1968	19,200	123	2,305	4,900	377	5,480	137
1969	19,100	124	1,965	4,950	722	5,530	165
1970	19,000	111	1,942	4,650	745	5,270	137
1971 [4]	18,500	150	1,930	5,600	600	5,360	250

[1] Crop year beginning Aug. 1. [2] Includes cotton destroyed. [3] Bales of 480 lb. net. [4] Preliminary.

Staple lengths average about fifteen-sixteenths of an inch and yields are as high as 400 pounds per acre on irrigated land.

About 200 irrigated acres of PRS-72 were planted in 1970-71, and 7,000 acres, this season. Plans call for 50,000 acres to be planted within 3 years. Although this goal seems overambitious, even minor improvements in areas plagued by low yields could raise total production sharply.

One continuing problem for India's cotton industry is that most production takes place on small farms using traditional methods—in many cases, hand tools. Consequently, new technology and varieties are slow to be accepted. However, since average yields per acre are very low—much less than half the U.S. average—there is a great potential for increased yields.

Some of the production improvement programs are sponsored by the Indian Cotton Mills Federation (ICMF). The ICMF also conducts Government-sponsored programs to subsidize production of price-controlled cloth, to promote exports of textile, and to equalize prices of higher priced domestic cotton with lower cost imports.

The ICMF is supported by revenue from levies on cotton imports (0.6 U.S. cent per pound plus a duty of 2½ percent ad valorem). Since imports are falling, and are expected to continue to decline, the ICMF will need new sources of revenue to continue its programs.

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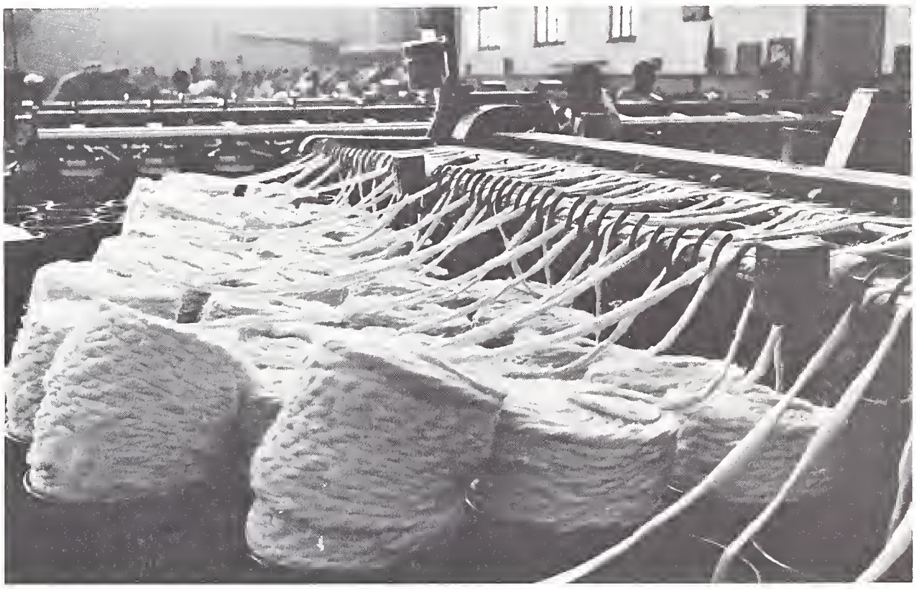
Card sliver fed into drawing frame.



U.S. AGRICULTURAL TRADE BALANCE RISES AGAIN

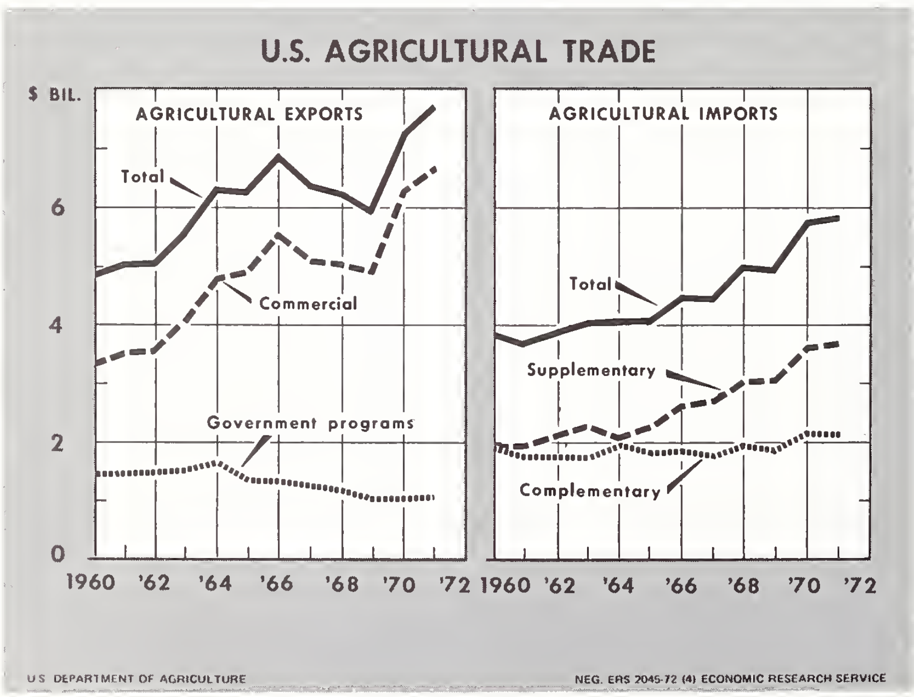
By ROBERT L. TONTZ
Foreign Demand and Competition Division
Economic Research Service

The U.S. agricultural trade balance, the excess of farm exports over farm imports, improved again in calendar 1971—the second year in a row. The growth in U.S. farm exports was the major factor in bringing about this improvement. Practically all of the U.S. export gain was in commercial sales for dollars. The favorable agricultural trade balance of $1.9 billion in 1971 contrasted with the significant deficit of $3.9 billion for nonagricultural trade caused mainly by a major increase in nonfarm imports.

U.S. agricultural exports were a record $7.7 billion in 1971—up $400 million from the previous year. The commodities that contributed most to the export gain were oilseeds and their products, cotton, dairy products, animal oils and fats, meats, hides and skins, and fruits. Partially offsetting gains were decreases in exports of such commodities as feedgrains, rice, tobacco, wheat and wheat flour, dried beans, and poultry products.

The volume of exports remained practically unchanged. Thus, higher prices accounted for most of the export increase. Improved prices reflected higher foreign demand and short supplies of such major commodities as soybeans, soybean meal, and cotton.

All of the export gains came in the first half of the year, since longshoremen's strikes at major U.S. ports curbed farm exports during the second half. Large shares of the losses resulting from the strikes will be permanent; some major U.S. customers bought elsewhere or reduced their consumption of U.S. commodities. Some slowdown in economic growth along with uncertainties in the international monetary situation in the second half of the year in major foreign markets also reduced the demand for U.S. farm products.



U.S. agricultural imports totaling $5.8 billion were only 1 percent above their total of the previous year.

The longshoremen's strikes caused pronounced variations in monthly imports in 1971. These strikes, while interfering with imports, also stimulated some anticipatory buying for inventory accumulation.

The import surcharge imposed on August 15, 1971, to ease the U.S. balance-of-payments situation tended to restrict some imports until it was lifted by Presidential Proclamation on December 21.

Appreciation of currencies in some developed countries after August 15, 1971, had limited effect at the time on U.S. agricultural imports; however, the combination of foreign currency appreciation and dollar devaluation after December 18, 1971, could have a greater impact in the future.

Supplementary agricultural imports were for the most part responsible for the 1971 gain in total U.S. agricultural imports compared with the previous year.

Supplementary commodities usually referred to as "partly competitive" are similar to agricultural commodities produced commercially in the United States, or are significantly interchangeable with such U.S. commodities.

In 1971, imports of such supplementary commodities as beef, sugar, fruits, vegetables, tobacco, wine, and coconut oil increased. At the same time, supplementary imports of live animals, dairy products, eggs, pork, mutton, hides and skins, apparel wool, and copra decreased. Despite the decline in fresh meat imports, higher prices increased their total import value.

Supplementary imports have trended upward since 1960. Their value equaled $3.7 billion in 1971 and accounted for nearly two-thirds of total

U.S. agricultural imports, compared with one-half in 1960.

Complementary agricultural imports usually referred to as "noncompetitive" include all agricultural imports other than supplementary, and consist mainly of coffee, rubber, bananas, spices, tea, cocoa, wool for carpets, and vegetable fibers.

Complementary agricultural imports of $2.1 billion in 1971 were slightly below those in 1970. Declines for bananas, cocoa beans and products, and rubber were only partially offset by increases for coffee, tea, most spices, and carpet wool.

Four measures of the agricultural trade balance indicate an improvement in 1971 over 1970. They also show that the agricultural trade balance has been favorable since 1960 except for a few years when commercial sales were exceeded by imports. (A country's trade balance is only one factor—although an important one—in its balance of payments.)

These measures are summarized on the basis of f.a.s. (free alongside ship) at the U.S. port of origin for U.S. farm exports and f.o.b. (free on board) at the foreign port of origin for U.S. farm imports in accordance with the official U.S. census classification of trade statistics. The "landed" value of farm imports may be approximated by an upward 8-percent adjustment of the import value according to census estimates. This adjustment, however, would have a relatively small effect on the agricultural trade balances and would have no effect on their general trends.

The **first measure** shows the conventional way of expressing the difference in value between U.S. agricultural exports and imports.

The U.S. agricultural trade balance for 1971, based on the first measure—which totaled $1.9 billion — equaled one-fourth of the value of U.S. agricultural exports in that year.

A **second measure** of the U.S. farm trade balance represents the excess of total agricultural exports over supplementary agricultural imports. This indicator shows that U.S. agricultural exports are doing quite well compared with similar commodities produced abroad and imported by the United States. In 1971, these agricultural exports, equaling $7.7 billion, were twice as large as supplementary agricultural imports although supplementary agricultural imports have been gaining over the past decade.

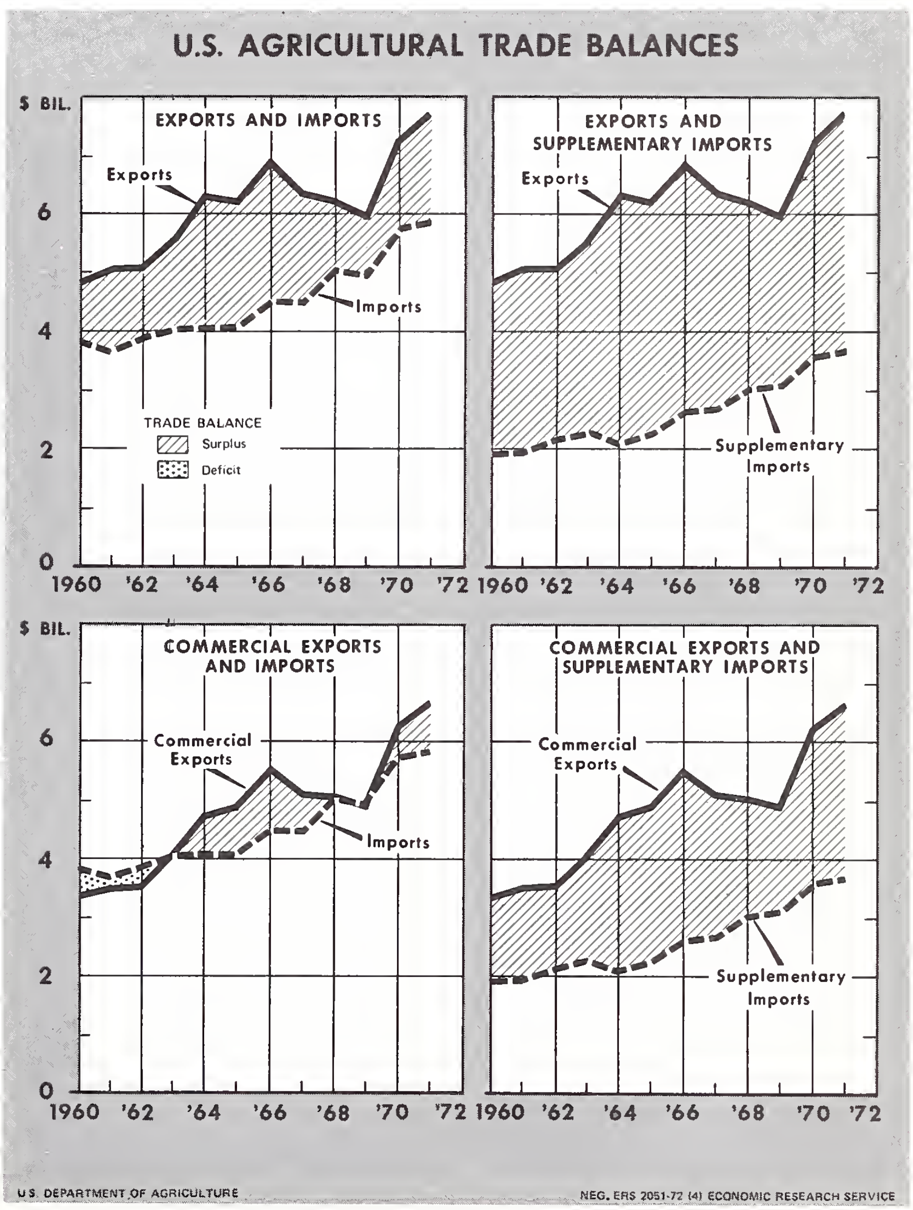
A **third measure** compares U.S. commercial agricultural exports with total U.S. agricultural imports. It shows the performance of those U.S. commodities sold for dollars (distinct from those sold under Government-financed programs), compared with total U.S. agricultural imports. The greater growth of dollar sales in the last 2 years compared with imports caused the commercial agricultural trade balance to be positive. The $812-million commercial agricultural trade balance in 1971 was the second highest since 1960.

A **fourth measure** of the agricultural trade balance compares commercial agricultural exports and supplementary agricultural imports. This standard shows the performance of U.S. commodities sold for dollars compared with U.S. imports of agricultural commodities that are partly competitive with those produced in the United States. This indicator showed a highly favorable farm trade balance of $2.9 billion in 1971 representing the highest on record since 1960. As such it underscores the substantial gain in commercial agricultural exports, which has more than offset the growth in partly competitive agricultural imports.

Although the United States exports and imports many agricultural commodities, relatively few major products significantly affected the agricultural trade balance in 1971.

The principal commodities that

(Continued on page 12)



U.S. Soybean Group Adapts Overseas Promotion To Individual Markets

BY CHET RANDOLPH
Director of Market Development
American Soybean Association

The American Soybean Association (ASA) uses the term "market development" to mean a total program from the farmer to the consumer—regardless of where he or she may live. It is not just advertising, not just promotion, not even just marketing. It is market-oriented decisions all along the line from domestic production and research programs to working with the overseas buyer, processor, manufacturer, feeder, and consumer. Our goal is to expand soybean exports through an increase in consumption of the end product whether it is chicken, lean pork, margarine, or salad dressing.

Our marketing approach must be keyed to our commodity. For soybeans and meal, as for most grains and other bulk commodities, anyone with enough money or credit to buy knows about them—though they may not know all they should. That means our job is information or promotion, not introduction.

Large exporting firms and companies overseas have capable, well-trained salesmen operating out of full-time offices with fast communications, doing an outstanding job of contacting buyers and making the sale. However, when it comes to enlarging the total market, there are many programs an association can carry out on a generic basis that no company is willing to finance. The daily company objective must be to make a sale that day to increase its share of the present market. Our objective is to increase the size of the market.

Increasing the size of the market for soybean meal means encouraging a higher percentage of soybean meal in rations as greater use of mixed feed and increased per capita meat consumption. Our activities to achieve those objectives include research, working with feed company nutritionists, getting information out to farmers, or stimulating consumer demand for meat, milk, and eggs.

For soy oil, increasing consumer demand may require technical assistance or encouragement to improve plant efficiency, quality control, consumer packaging, and consumer promotion. In Japan and Taiwan, for example, we show housewives new recipe and menu ideas that use more cooking oil, vegetable margarine, or shortening.

In addition, our programs include working with chefs, bakers, and nutritionists for schools, institutions, and factories. An important part of the work is developing whole new industries, such as the vegetable margarine industry, the Danish pastry concept in Japan, and the fresh lean pork industry of Italy. As these programs continue to expand, they will guarantee increased demand for our soybeans for years to come.

Since soybeans cannot be identified by State of origin, this is a national program. It does no good for Minnesota to compete with Mississippi for a share of the present market. Only increased total demand influences price. That is why 10 States have half-cent-per-bushel deductions to support the nationally united program for worldwide market development.

With 55 percent of the crop going overseas as beans or meal, the overseas demand is a key factor in the price reflected at the local elevator. Except in an oversupply situation, a 1-percent increase in demand can cause a 2-percent increase in price.

Here is what market development can do and has done.

Market development in Taiwan. When we went to Taiwan 3 years ago we found a growing GNP. Consumers had more money to spend for food including meat, milk, and eggs.

However, we found soybean processors and feed manufacturers had practically no information on the world oil situation or modern manufacturing techniques. Processing plants and feed mills were small and had outdated equipment. Beans were bagged at the dock by hand and carried a sack at a time to trucks that hauled them to inland mills. There were no storage elevators, quality control, or consumer packaging, and little merchandising.

All edible oil was sold in 55-gallon drums; each housewife took her open container to the oil station for a refill. Much of the soybean cake was sold in large, pressed wheels. The farmer shaved off a little each day and fed it to his pigs along with sweetpotatoes. There were some modern hog and broiler operations. Most associations, whether processors, feed mixers, soy sauce makers, or tofu makers, were weakly organized and banded together only to control production and to influence Government action.

As we analyzed the situation with the help of the U.S. Agricultural Attaché, we decided on the following objectives:

- To provide regular, timely information on worldwide developments to processors, feed manufacturers, and Government officials.
- To assist company executives in modernizing their plants by increasing capacity, efficiency, marketing systems, and merchandising.
- To assist technicians in quality control for both human food and animal feed.
- To develop a consumer orientation in order to move toward consumer packaging and merchandising.
- To encourage improved port facilities, elevator storage, and bulk handling.
- To encourage associations to "think marketing," as well as to establish effective group action to get needed imports of equipment or beans.
- To work jointly with the industry to inform nutrition leaders, consumers, and farmers of the nutritive value of soy foods and feeds.

In order to achieve these objectives ASA signed a joint contract with the Taiwan Vegetable Oil Association (TVOA) to carry out a three-step program during the first year.

First, we established a monthly trade publication, since there was no

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Based on a speech before the 50th Agricultural Conference, Washington, D.C., Feb. 23, 1972. The American Soybean Association cooperates with the Foreign Agricultural Service to promote overseas markets.

trade journal on the island. ASA agreed to supply the information and handle the editing and translation. TVOA agreed to pay half the cost of translation, printing, and mailing to their members and to a total of 700 Government officials, universities, large farmers, and other interested individuals. This 30-to-40-page Chinese language publication has grown in both size and distribution.

Second, we invited teams of local executives to visit the United States. The first 10-man team was a group of sharp businessmen, eager to improve their operations; and since profits had been good, they had money to spend on plant improvements. Even though they were company decision makers, few had even been off the island, and none had been to the United States.

We took them to "soybean country" to see the vast, dependable supply of beans; to modern processing plants to gain a new concept of the efficiency of size, modern techniques, quality control, and bottling; to supermarkets to get merchandising ideas. Of course they had to adapt what they saw to conditions back in Taiwan—but we gave them ideas and an opportunity to do some long-range planning.

As a result of this visit (and our other efforts), every plant director who came to the United States either developed a new solvent extraction plant or greatly increased capacity and added new equipment. All of the team members improved their plants' quality control, and six of the 10 added consumer bottling.

Results of the second team's visit the next year were just as dramatic. This team of Government officials and port authority directors went on to stimulate and speed improved port facilities and construction of several elevators at the port and at inland plants. Bulk handling is just starting.

The third part of our program was to send U.S. technicians to Taiwan. These technicians had overwhelming receptions and reached large numbers of key native technicians in seminars sponsored jointly with TVOA.

Our country director was able to follow up these seminars by visiting every major processing and feed plant on the island. He reported significant changes in both attitudes and equipment following this effort.

Convenient packaging helps increase sales of soy oil in Taiwan.

The three-part program on Taiwan played an important role in increasing U.S. soybean sales by 15 percent in 1971—up to 535,000 metric tons. Local processors have asked the Government to increase soybean purchases by another 15 percent during the first half of 1972.

Since our initial program in Taiwan, we have gone on to other development activities, such as sponsoring hog feeding trials; improving production, marketing, and convenience of tofu (Oriental soybean curd); and sponsoring cooking demonstrations for 700 home economics extension agents. We have hired a home economist, and will continue our efforts in consumer promotion in the coming year.

Market development in Germany. Twelve years ago German animal nutritionists were convinced that fishmeal was required in every pig and poultry ration—because of some unidentified growth factors. The Government required an average of about 8 percent fishmeal in every animal ration.

Our objective was clear: we had to change the Government's requirement. The first thing our Country Director, a trained animal nutritionist, did was to stimulate and finance research on this issue in German universities. This research was carried out back in 1960-62.

Our efforts were partially rewarded in 1968 when the fishmeal requirement was reduced to an average of 3 percent; 2 years later it was dropped on all but two rations. Just last month the fishmeal requirement was dropped on these last two, so now fishmeal competes on a price basis only, which is the way it should be. This effort opened up a 50,000-ton meal market in Germany. What's more, Austria later dropped its fishmeal requirements in animal rations.

But the job isn't over. Many feed manufacturers and farmers—especially those who graduated from school more than 10 years ago—still have the outdated idea that they must use fishmeal. So we have published German language bulletins telling the story of research work and farmers' experiences in Germany. In Austria, our latest bulletin was even distributed by the Federal Extension Service.

We are also providing publications to local elevators and feed mills, which they can pass on to their customers who are deciding how much soy meal to use in their operations. In addition, we go to two major agricultural fairs each year with demonstrations and public relations material. All these efforts are aimed at one objective—1 percent more soy meal in the ration for 20 million hogs and 22 million broilers in Germany.

We faced a different set of prob-

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A German homemaker tests soy oil margarine in her kitchen.

Exports Under Public Law 480 Maintain Level Of $1 Billion In Calendar 1971

Last year of local currency sales brings $330 million in balance of payments benefits.

Exports of agricultural commodities under Public Law 480 in calendar 1971 were valued at approximately $1 billion, maintaining the level of the previous 2 years, according to reports of the Export Marketing Service.

Exports under the Title I sales program totaled $680 million, the lowest in some years, partly as a result of work stoppages on the docks during various periods in the latter part of the year. Shipments under the Title II donations program, however, rose to $291 million. A small volume of agricultural shipments, principally of rice, under AID development loans, brought total exports under Government programs to just over $1 billion.

With total agricultural exports at a near-record $7.7 billion for the calendar year, the P.L. 480 percentage of the total dropped below 13 percent—lowest since the first year of the program in 1955. This reflected greater agricultural production in several traditional P.L. 480 markets as a result of the Green Revolution, a sharp rise in cash business, and steady growth in commercial-type Government programs such as barter and CCC credit.

The 1971 year was the last in which sales are to be made under traditional local currency agreements, although substantial defense grants and certain other local currency uses can be authorized by the President. Most agreements continue to provide for some payment in local currency which the U.S. Government would otherwise have to purchase for dollars. to meet U.S. obligations.

During 1971, 66 Title I sales agreements and amendments were signed, providing for exports of commodities with a total export market value of about $875 million. There were agreements with 30 countries, including the first ever entered into with the Khmer Republic (Cambodia).

India accounts for about 18 percent of the value of commodities programed; Indonesia, 14.5 percent; Korea, 14; and Vietnam, 11. Wheat and wheat products accounted for about 42 percent of the value of commodities in agreements, followed by cotton, rice, vegetable oils, and feed grains. Wheat continues to be the major commodity exported, in both quantity and value. About 4.5 million tons of wheat, wheat flour, and bulgur were shipped in 1971, for a total since 1954 of 128.2 million.

Other major commodities shipped under the program in 1971 were feedgrains, rice, soybean oil, and cotton. Soybean oil exports were considerably impeded by the situation in India and Pakistan, which have been the major concessional purchasers of vegetable oil in recent years.

With the decline of exports to traditional concessional customers such as India, Korea has taken up some of the slack with increasing purchases of wheat, rice, and corn. South Vietnam and Indonesia remain major customers as well, although Vietnam is nearing a return to self-sufficiency in rice and Indonesia's import needs are trending downward. Israel is another buyer, particularly of feedgrains.

Total balance of payments benefits resulting from P.L. 480 in 1971 amounted to about $328 million. This is the result of local currency payments and repayments of economic development loans made in previous years, which are used by many U.S. agencies to defray overseas expenses that would otherwise require dollars.

Although new local currency sales have been phased out, substantial amounts of foreign currency continue to be made available through currency use payments and payments of principal and interest on loans to private enterprises and on economic development loans made with currencies generated under earlier agreements.

Foreign currency uses in 1971 included export market development programs in more than 70 foreign markets; more than $1.2 million for agricultural marketing and product utilization research; nearly $55 million for scientific, cultural, and educational activities carried out abroad under the direction of several Government agencies; $6 million for the construction of public buildings and military housing; $5 million for loans to private firms for business development abroad; and $115 million for loans and grants to purchasing countries.

Among other uses of foreign currency in 1971 were continued support of family planning programs in India and Ghana; assistance to the Republic of China in its overseas technical assistance programs in Africa, Latin America, and Asia; and sales of $2.6 million to U.S. citizens and nonprofit groups for travel and other uses.

There were significant accomplishments in 1971 in the self-help program, under which countries receiving P.L. 480 commodities commit themselves to measures designed to stimulate their own agricultural and related developments. The Dominican Republic, for example, established a special task force to devise a 3-year plan for agricultural development. Ghana continued toward its goal of increasing the domestic production of food crops, with major emphasis on establishing a national system of feeder roads. Morocco maintained its excellent program, with progress in livestock, irrigation, and grain storage.

During 1971, approximately 2 million metric tons of U.S. agricultural commodities were donated to more than 100 countries under Title II of P.L. 480 to feed needy people and meet emergencies. Of the 76 million people aided, nearly two-thirds were children, pregnant women, and nursing mothers.

Several new foods that combine acceptability and good nutrient value at low cost were developed for the donation program during the year. These products use cereal grains as a base and are fortified with a protein supplement (usually soy flour).

While well over half the commodity donations are made available through nonprofit voluntary agencies, the multinational World Food Program (WFP) is a growing factor in the world food distribution picture. Initially, the United States contributed half of the WFP's pledged commodities, but this is in the process of being reduced. In 1971, U.S. shipments to WFP amounted to $53 million, accounting for nearly 20 percent of total exports under the Title II, P.L. 480 program.

U.S. Soybean Promotion

(Continued from page 7)

lems in marketing soy oil in Germany. Margarine makers claimed they could not use more than 25 percent soy oil in margarine, because a larger percentage would require salt to mask the oil's flavor. To prove otherwise, we asked one of Germany's leading scientists in fat research to test 100-percent-soy margarine. He found that it was equal to ordinary Germany margarine in all respects—shelf life, flavor, texture, and so on. His results were published in a scientific journal and reprinted for wide redistribution in four languages. Now some German manufacturers are producing margarine with more than 25 percent soy oil.

We were also told that German housewives overwhelmingly preferred sunflowerseed oil, and that soy oil would not be acceptable. There was only one way to settle that opinion: to ask German homemakers to use cooking oil without knowing what kind it was. So, we asked 1,000 housewives to compare sunflowerseed oil, rapeseed oil, and soy oil: 48 percent said they could tell no difference between sunflowerseed oil and soy oil; only one-third said they still preferred sunflowerseed oil. When they compared rapeseed oil and soy oil, 44 percent preferred soy oil while 15 percent preferred rapeseed oil; 41 percent reported no difference.

Armed with this research and a complete study of the German oil industry and marketing channels, we were ready to begin both generic and brand-name promotions of soy oil, margarine, and shortening. We are negotiating the final details for a sizeable joint undertaking with the Germany Margarine Institute and with three companies.

Market development in Japan. Fifteen years ago in Japan we started out with trade servicing, much like our current effort in Taiwan. We provided information, sponsored teams, and sent technicians, because that was what was needed at that time.

Now it's entirely different. To summarize quickly: we are stressing mass media advertisement, because soy oil is widely available and widely known and because mass media are highly sophisticated in Japan. Annual oil consumption has gone up from 5 pounds per person in the postwar years to 24 pounds per person today. Thirty pounds per person is just about right for good health. We advertise in six leading women's magazines, telling the story of improved nutrition.

We also work with the Japan Nutrition Association, which conducts small group cooking schools that had a total attendance of 1.3 million last year. We supplied a million leaflets last year (as we have for 5 years now) which were used for texts. These included menu ideas and recipes which use more oil. Increasing oil consumption in Japan by a pound per person per year would take the oil from 9 million bushels of soybeans—and that's about the amount our exports have been increasing yearly.

We have worked for years to help start the Japanese vegetable margarine industry and then encouraged an effective, modern merchandising campaign.

Our Far East Director pushed the salad concept at a Tokyo fair about 4 years ago, and salad dressing sales continue to increase. We recently encouraged a salad-tasting study among fifth and sixth graders, which was carried out by a school lunch organization. The study showed that students wanted twice as much dressing—and preferred other than the usual flavors. This month, a Japanese company announced a new dressing flavor which was based on these preferences. The company's target is school lunch sales, but the dressing will also be available at stores.

On yet another facet of ASA's efforts in Japan, we recently sponsored feeding trials with very large numbers of hogs and broilers—and they are beginning to pay off. A Japanese poultry company just announced they will build a feed mill costing 40 percent less because they are going to use a simpler formula which requires fewer bins and pipes. Our feed specialist worked with them on the simplified formula (mainly corn and soy meal) which replaces an older feed containing 40 ingredients. We paid only for the added expense of mixing the ration during the trial period. But besides making a big sale of soy meal to a big company, we influenced a trend leader in the Japanese poultry industry.

Indian Cotton Production Up

(Continued from page 3)

A proposed financing scheme would tax production of domestic mills. The tax would be based on the number and productive capacity of spindles and looms, and would raise about $10.5 million annually.

In addition, the scheme would levy a 15.2-cent duty on imports of polynosic rayon. If the scheme is adopted, both the mill tax and the import duty would be retroactive to January 1, 1972.

These new taxes would be yet another indicator of the **Government's increasing control** over both the domestic and import/export cotton trade. In September 1970, the Government of India began a program to nationalize all cotton trading. The Cotton Corporation of India (CCI) was created to handle trading for textile mills.

Cotton imports are authorized by the Minister of Foreign Trade and the cotton is imported by either the CCI or by private traders. During the 1971-72 season, the CCI handled about half of India's cotton imports. Imports are allocated to the mills under a Government licensing arrangement, based on the mill's working spindle capacity.

India has relied heavily on the United States for P.L. 480 cotton allocations in recent years. Imports have also been arranged under bilateral agreements with Egypt and the Sudan, as well as with other African countries, but in smaller quantities.

The U.S. share of India's cotton imports totaled 37 percent (278,000 bales) in 1970-71, and 46 percent (330,000 bales) a year earlier. This season, a much lower percentage will come from the United States—primarily because long-staple cotton has been unavailable under P.L. 480 financing since mid-season. The U.S. share may increase next season, if imports are again available under P.L. 480.

India's imports of U.S. cotton in the near future will depend on how much success that country has in expanding production of longer staple cotton, on resumption of P.L. 480 programing, and on the competitiveness of U.S. prices.

CROPS AND MARKETS

FRUITS, NUTS, AND VEGETABLES

London Prices Of Canned Fruits

Quotations representing selling prices of canned fruits in London, landed duty-paid basis (in U.S. dollars), in April 1972 were:

Type and quality	Size of can	Price per dozen units [1]			Origin
		Apr. 1971	Jan. 1972	Apr. 1972	
CANNED FRUITS					
Apricot halves:					
Fancy	2½	[2] 3.51	4.14	4.14	So. Africa
Choice	2½	3.82	4.30	4.29	Australia
Do	2½	[2] 3.39	4.01	4.01	So. Africa
Fruit cocktail:					
Choice	8 oz.	—	2.29	1.82	U.S.
Not specified	2½	4.24	4.95	4.81	Australia
Fruit salad:					
Choice	15 oz.	2.04	2.29	2.35	Spain
Peaches, halves:					
Fancy	2½	3.77	4.14	4.29	Australia
Do	2½	[2] 3.51	3.78	4.25	So. Africa
Choice	2½	—	5.08	5.08	U.S.
Do	2½	4.38	3.83	4.16	Australia
Do	2½	[2] 3.39	4.04	4.12	So. Africa
Pears:					
Fancy	2½	3.78	4.25	4.29	Australia
Do	2½	[2] 3.51	4.53	4.25	So. Africa
Choice	2½	3.66	4.14	4.16	Australia
Do	2½	[2] 3.39	4.40	4.12	So. Africa
Not specified	15 oz.	—	2.42	2.28	Italy
Pineapple slices:					
Choice	2½	3.74	4.33	4.22	U.S.
Do	2½	—	3.80	3.86	Taiwan
Not specified	20 oz.	2.04	2.24	2.32	Malaysia

[1] Pounds sterling converted to U.S. dollars at rate in effect at time of quotation. [2] C.i.f. basis.

Japan Announces Additional Import Quota for Oranges and Tangerines

On May 6, the Japanese Government announced an additional 6,000-metric-ton import quota for oranges and tangerines. This brings the quota for the first half of the current Japanese fiscal year (April-September) to 9,000 tons. An additional 3,000-ton quota is expected to be allocated during the second half of the Japanese fiscal year.

West Germany Announces Import Tender for Canned Cherries

West Germany has announced a tender allowing imports of canned cherries, with or without sugar added, from the United States and Canada. Cherries must be canned in containers of less than 4.5 kilograms (9.9 lb.) each.

Applications will be accepted until an undisclosed value limit is reached, but not later than December 21, 1972. Applications must be accompanied by a seller's bill in duplicate showing the numbers of cans or jars, the size of container, and the price per can or jar. Licenses issued will remain effective until December 31, 1972.

FATS, OILS, AND OILSEEDS

West Malaysia's Palm Oil Output Up During October-March Period

West Malaysia's palm oil production from October 1971 to March 1972 was 274,900 metric tons, an increase of 24 percent over the same period a year earlier. Exports during the 6-month period ending March 31, 1972, were 285,000 tons, or 58,000 tons above the comparable 1971 period.

The increase in exports is equivalent to 12 million bushels of soybeans, oil basis. Exports for calendar 1972 are forecast to increase by 116,000 tons; that is the oil equivalent of nearly 25 million bushels of soybeans.

Based on lagged-rainfall statistics and estimated bearing-tree acreage, the prospective increase in calendar 1973 production will be sharply below increases of the 2 previous years. Below-average rainfall began to affect exports adversely in February 1972 and this tendency is expected to intensify in the first half of 1973.

SUGAR AND TROPICAL PRODUCTS

Tea Crops Higher in Kenya and Uganda

Reflecting more favorable growing conditions and expanded acreage, Kenya's tea production during the first 3 months of 1972 has totaled 14,122 metric tons, up 68 percent over the 8,403 tons harvested during the corresponding period a year ago.

Uganda's production during the first quarter of 1972 also was sharply higher, rising by nearly 95 percent to 4,898 tons from 2,518 tons in the similar 1971 months.

Total annual production for Kenya in 1971 was 36,290 tons and Uganda's crop amounted to 17,966 tons.

Brazilian Cocoa Production Higher in 1971-72

Brazil's 1971-72 (October-April) Bahia cocoa bean main crop totaled 1,510,679 bags (90,641 metric tons), up nearly 60 percent over the 1970-71 main crop of 945,000 bags (56,700 tons). However, prospects for the 1972 (May-September) Bahia Temporao crop are not good, with production expected to be well below the record 1971 Tem-

porao outturn of 1,944,354 bags (116,661 tons).

Including production from other areas, total Brazilian production for the 1971-72 crop year is still expected to be above the 1970-71 harvest of 182,400 tons.

TOBACCO

Liberia May Increase Cigarette Import Tariff

The Liberian House of Representatives has passed an act to increase the duty on all cigarettes imported into Liberia. The act, which was enacted on April 27, 1972, has been sent to the Liberian Senate where, if passed, it will become law.

The act would increase the rate of duty on imported cigarettes from $1.10 per hundred cigarettes to $1.60 per hundred. The increased duty would raise Liberia's annual revenue from cigarette imports to about $4.2 million.

Annual U.S. cigarette exports to Liberia have averaged between $1 million and $1.5 million for several years. In 1971, U.S. exports declined from the 1970 total of 236.8 million pieces (valued at over $1.3 million) to 186.2 million pieces.

LIVESTOCK AND MEAT PRODUCTS

World Bank Loan To Finance Philppine Livestock Development

The World Bank has approved a loan of $7.5 million to help finance a livestock development project in the Philippines, aimed at increasing domestic production of livestock and poultry products on small- and medium-size farms.

Under the project, medium- and long-term loans will be provided to farmers for development of about 1,450 small- to medium-size pig, poultry, and integrated coconut and beef cattle farms; 25 larger beef cattle breeding ranches; and three small slaughterhouses. Technical services will also be made available.

The project fits in with the Philippines' Four-Year (1972-75) Plan, which places high priority on the development of agriculture, particularly on increasing production of rice, the island's staple food; feedgrains; and livestock. During this period, meat production is projected to increase from about 640,000 to 820,000 tons.

New Zealand Spends $72 Million To Support Lamb

The New Zealand Meat Producers Board has spent more than $72 million this slaughtering season to support the price of lamb.

For the period October 1, 1971, to March 18, 1972, about 17 million lambs have been killed compared with 16.8 million during this period last season. Of the 17 million lambs killed the Meat Board has bought 10.5 million or 62 percent.

Whether the Meat Board will win, lose, or draw financially from its dramatic and unprecedented entry into the lamb marketing field this season remains to be seen. The Board is hopeful of at least reducing some early-season losses.

However, the imposition of the second phase of the British lamb import levy on January 1, 1972, reportedly converted a small Meat Board profit into a loss, which widened during the prolonged strike by British coalminers.

GRAINS, FEEDS, PULSES, AND SEEDS

Taiwan and Australia Talk About Barley

A Taiwan trade delegation visiting Canberra has indicated an interest in entering into a long-term contract for the purchase of Australian barley.

Argentina Increases Wheat Price Support

Argentina has set the wheat price support for 1972-73 at 42 pesos per 100 kilograms (about $2.28 per bushel, using the official exchange rate of 5 pesos per U.S. dollar). The commercial rate is nearly 10 pesos per dollar. This year's price is 20 percent above the 35-peso level for 1970-71 and is designed to cover increased production costs and encourage wheat growing.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 31	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	1.98	0	[1] 1.89
USSR SKS-14	1.85	−1	1.86
Australian FAQ	([2])	([2])	1.78
U.S. No. 2 Dark Northern Spring:			
14 percent	1.88	0	1.89
15 percent	1.96	−2	1.94
U.S. No. 2 Hard Winter:			
13.5 percent	1.82	+1	1.90
No. 3 Hard Amber Durum	1.85	+1	1.79
Argentine	([2])	([2])	([2])
U.S. No. 2 Soft Red Winter	1.68	+2	1.75
Feedgrains:			
U.S. No. 3 Yellow corn	1.48	0	1.68
Argentine Plate corn	1.75	−3	1.75
U.S. No. 2 sorghum	1.42	−1	1.47
Argentine-Granifero sorghum	1.42	−2	1.46
U.S. No. 3 Feed barley	1.21	+2	1.21
Soybeans:			
U.S. No. 2 Yellow	3.79	−8	3.41
EC import levies:			
Wheat [3]	[4] 1.98	−2	1.41
Corn [5]	[4] 1.30	0	.70
Sorghum [5]	[4] 1.36	+2	.93

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries.

Note: Basis—30- to 60-day delivery.

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Foreign Agriculture

U.S. Agricultural Trade

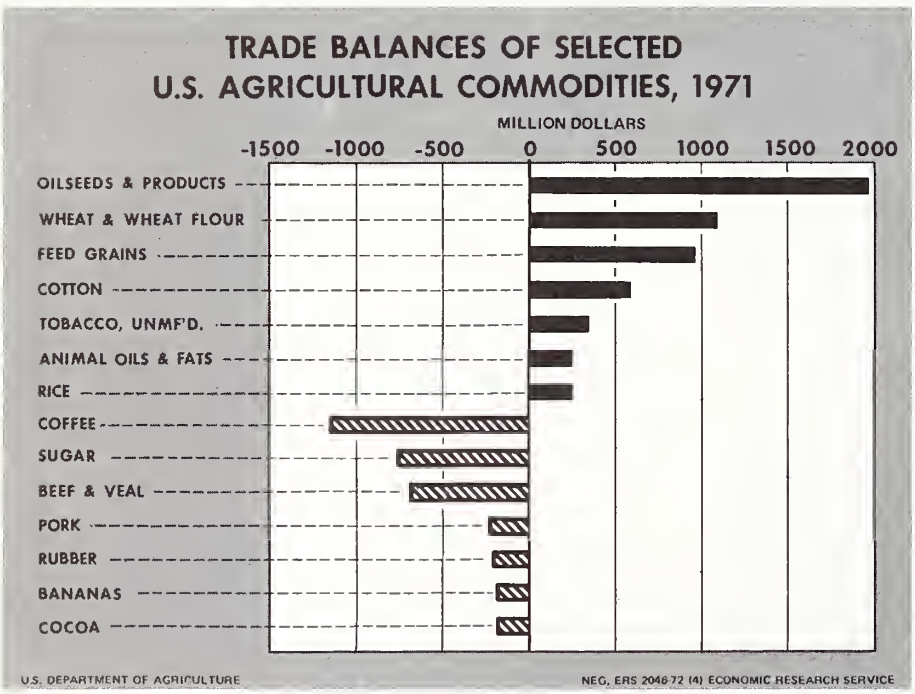
(Continued from page 5)

showed an excess of exports over imports were oilseeds and products, wheat, feedgrains, cotton, tobacco, animal oils and fats, and rice. In 1971 these major commodities had a favorable farm trade balance totaling $5.1 billion compared with the trade balance for all U.S. agricultural products of $1.9 billion. The United States is a substantial exporter of these items, and it probably enjoys a comparative advantage in the production of a number of them, particularly feedgrains, soybeans, and certain livestock products other than wool and dairy products.

The leading import commodities that had a negative trade balance in 1971, except for sugar and meat, were mainly commodities that are not produced commercially in the United States. Their import adds variety and enrichment to the diets of U.S. consumers and provides foreign sellers with earnings to buy U.S. products.

The principal commodities accounting for the negative agricultural trade balance in 1971 were coffee, sugar, beef and veal, pork, rubber, bananas, and cocoa including cocoa beans. Coffee and sugar were the two leading commodities among those that had a negative trade balance.

Import quotas exist for sugar and voluntary restraints exist for beef and veal imports. However, foreign suppliers are permitted to share in the growth of the U.S. market for these commodities. The value of U.S. imports of these two commodities was $1.5 billion in 1971—or more than double their value a decade earlier.



The U.S. agricultural trade balance for the first quarter of calendar 1972, while positive, declined from the comparable period a year earlier. The January-March 1972 total of $480 million was 19 percent below that for January-March 1971. Despite a gain in U.S. agricultural exports, a greater increase in agricultural imports brought about the lower but still positive agricultural trade balance compared with a year earlier.

Some of the increase in imports—and exports as well—in January-March this year represented a "make-up" for the delay in shipments caused by the October-November east coast and gulf port longshoremen's strikes.

Expansion in import value was registered for sugar, some fruits and vegetables, meat, cattle, wine, and cheese along with increases for such complementary (noncompetitive) items as coffee, certain spices, and rubber.

Some uncertainty continues for the months ahead, since agricultural exports could be injured by additional dock strikes despite a possible improvement in economic conditions abroad.

The devaluation of the U.S. dollar and the appreciation of foreign currencies will enhance the competitive position of many U.S. farm products. The levying of the surtax by the EC on commodities subject to variable levies will, however, tend to eliminate some of the advantages of currency realinements in that important market.